



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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March 1, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **INTERNATIONAL INSTITUTE OF LOS ANGELES CONTRACT –
REFUGEE EMPLOYMENT PROGRAM**

We have conducted a program and fiscal contract review of International Institute of Los Angeles (International or Agency), a Refugee Employment Program (REP or Program) service provider. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Public Social Services (DPSS) contracts with International, a private, non-profit, community-based organization to provide job-training and employment services to refugees who have resided in the United States for less than five years. The Agency's services include providing language, vocational and on-the-job work training and job seeking skills, assisting participants in retaining employment and paying for work related expenses such as transportation and union dues. The Agency serves residents of the First, Second, Third and Fifth Districts.

DPSS pays International a fixed fee for each type of service based on budgeted program costs and anticipated service levels. For Fiscal Year 2004-05, DPSS paid International approximately \$200,000. As of September 2005, International no longer provides refugee program services.

"To Enrich Lives Through Effective and Caring Service"

Purpose/Methodology

The purpose of the review was to determine whether International has complied with its contract terms and appropriately accounted for and spent program funds on allowable and reasonable expenditures. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

Results of Review

Overall, International provided services required by the County contract using the appropriate number of staff who possessed the qualifications required by the County contract. The program participants stated that the services they received from International generally met their expectations. In addition, International's program funds were appropriately accounted for and costs were allocated and spent on allowable expenditures.

Review of Report

On January 26, 2006, we discussed our report with International's management. In their attached response, International's management concurred with our report. We also notified DPSS of the results of our review.

We thank International for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Bryce Yokomizo, Director, Department of Public Social Services
E. Stephen Voss, President and Chief Executive Officer, International Institute of
Los Angeles
Public Information Office
Audit Committee

**REFUGEE EMPLOYMENT PROGRAM
INTERNATIONAL INSTITUTE OF LOS ANGELES
FISCAL YEAR 2005-2006**

ELIGIBILITY

Objective

Determine whether International Institute of Los Angeles (International or Agency) provided services to individuals that met the eligibility requirements of the Refugee Employment Program (REP or Program).

Verification

We selected a sample of 53 (100%) program participants that received services during July 2005 and reviewed their case files for documentation to confirm their eligibility for program services.

Results

All program participants sampled were eligible to receive program services. International also maintained appropriate documentation to support the participant's eligibility.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether International provided the services billed in accordance with their contract and the program participants actually received those services.

Verification

We reviewed the documentation contained in 53 (100%) program participants' case files that received services in July 2005, to ensure that the services billed were provided in accordance with the County contract. We also interviewed 46 program participants to confirm the services International billed to Department of Public Social Services (DPSS) were actually provided. Our sample represented \$12,798 (100%) that International billed DPSS for July 2005.

Results

International provided employment services to the participants in accordance with their contract. In addition, the program participants interviewed stated that the services they received from International met their expectations.

Recommendation

There are no recommendations for this section.

SERVICE/STAFFING LEVELS**Objectives**

Determine whether International's actual service and staffing levels did not significantly vary from planned levels.

Verification

We reviewed billing statements for July, August and September 2005 and compared them to International's proposed service levels for the same periods. In addition, we interviewed 8 International staff and reviewed International's employee rosters.

Results

International reported service levels for July, August and September 2005 decreased by approximately 18% due to a reduction in the number of participant cases referred to the Agency by DPSS. The Agency's actual staffing levels of 6.40 full time equivalent staff remained at the planned level. As of September 2005, International no longer provides refugee program services.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS**Objective**

Determine whether International's staff possessed the qualifications required by the contract.

Verification

We reviewed the personnel files of all six full time and two part time staff for documentation to confirm staff qualifications.

Results

Each staff sampled possessed the required employment eligibility verification, training, reading, writing and speaking requirements identified in the contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUES**Objective**

Determine whether cash receipts are properly recorded in the contractor's records and deposited timely in the contractor's bank account. Determine whether bank reconciliations are properly prepared and reconciling items are valid and cleared in a timely manner. In addition, determine whether there are adequate controls over cash and the Agency is reporting all revenue sources as required.

Verification

We reviewed copies of the bank reconciliations prepared by the Agency for July 2005 and reviewed financial records to verify that the cash receipts are properly recorded and deposited timely. We also reviewed International's cash and revenue procedures.

Results

Based on our review of their financial records, International properly recorded and deposited cash receipts timely in the Agency's bank account. International also performs monthly reconciliations to ensure adequate controls over cash. In addition, reconciling items appeared valid and were cleared in a timely manner. International reported all revenue as required per the County contract.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine the reasonableness and appropriateness of expenditures and ensure they are allowable under regulations governing the contract and properly classified. In addition, determine whether non-personnel expenditures are supported by appropriate documentation.

Verification

We interviewed Agency personnel, reviewed financial records, and tested three non-personnel expenditure transactions, totaling \$4,096 to verify whether the expenses were reasonable and appropriate, allowable, properly classified, and supported by documentation.

Results

International's expenses were reasonable and appropriate, allowable, properly classified and supported by documentation as required.

Recommendation

There are no recommendations for this section.

INTERNAL CONTROLS**Objective**

To determine whether the contractor maintained sufficient internal controls over its business operations.

Verification

We interviewed Agency personnel, reviewed Contractor's policies and procedures manuals, and tested transactions in various areas such as cash, checks, expenditures, payroll and personnel to determine whether the contractor maintained adequate internal controls over its business operations.

Results

International maintained sufficient internal controls over its business operations.

Recommendation

There are no recommendations in this section.

FIXED ASSETS**Objective**

Determine whether International's purchases made with program funds are used for the program and that the assets are safeguarded and accurately accounted for.

Verification

We interviewed International personnel and reviewed the Agency's equipment inventory listing. In addition, we also performed a physical inventory of four assets funded partially or fully by program funds to verify existence and that the property was being used for its intended use as required.

Results

International's fixed assets purchased with REP funding were used for the program. In addition, the Agency adequately safeguarded and monitored the fixed assets.

Recommendation

There are no recommendations in this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the program. In addition, determine whether personnel files are maintained as required.

Verification

We traced and agreed the payroll expenses totaling \$6,894 (100%) to the payroll records and tested the payroll records for all eight program staff to verify whether payroll was appropriately charged to the program for July 2005. In addition, we also reviewed all personnel files to ensure that all required information was maintained and current.

Results

The Agency program staff salaries were supported with time cards and charged appropriately to the program. In addition, International maintained personnel files as required per the County contract.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN**Objective**

Determine whether International's Cost Allocation Plan (CAP) is appropriate and reasonable, prepared in compliance with the County contract, and applied appropriately to program costs.

Verification

We reviewed International's CAP to determine whether the plan was appropriate and reasonable, and prepared in compliance with the County contract. In addition, we performed testwork on payroll and expenditure records to verify that the costs were allocated appropriately based on the cost allocation plan.

Results

International's CAP was in compliance with the County contract and the Agency appropriately applied the CAP to allocate shared costs.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP**Objective**

To determine the status of the recommendations reported in the prior monitoring review.

Verification

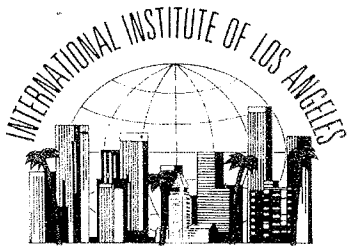
We reviewed the most current monitoring report issued to the Agency. In addition, we reviewed the Agency's corrective action plan and financial records to ensure that the findings are resolved and recommendations are implemented.

Results

International implemented the recommendations contained in the prior monitoring report in accordance with the corrective action plan that they submitted to DCSS.

Recommendation

There are no recommendations in this section.



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PRESIDENT AND CEO, E. Stephen Voss

January 31, 2006

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 W Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley,

RE: Contract Reviewed Response

We have reviewed the report issued by your Department and are in general agreement with the findings and recommendations.

Please do not hesitate to call me if you have any questions at (323)224-3800 Ext 216.

Sincerely,

A handwritten signature in black ink, appearing to read "Joy Hofer".

Joy Hofer
Vice President for Operation,
International Institute of Los Angeles

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